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16 July 1954

MEMORANDUM TO: Chief, Administrative Staff, ORR
FROM : Chief, Economic Research
SUBJECT : Annual Management Improvement Report
Reference : Your memo, same subject, dated 8 July 1954

Per your request of 8 July, the following contribution to subject report is submitted for the Economic Research Area:

SECTION I: Major Management Problems:

It is felt that the following major management problems exist which are beyond our authority to solve:

1. Exploitation of Special Intelligence -- All-source economic intelligence production by ORR requires maximum



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2. U.S. Counterpart Cost Data for Military Items -- ORR has experienced serious difficulty in obtaining U.S. cost data on military items in connection with its efforts to estimate Soviet economic capabilities to support military production. Because of the non-availability of Soviet cost data, estimates by ORR must be made by [redacted]. By the use of such

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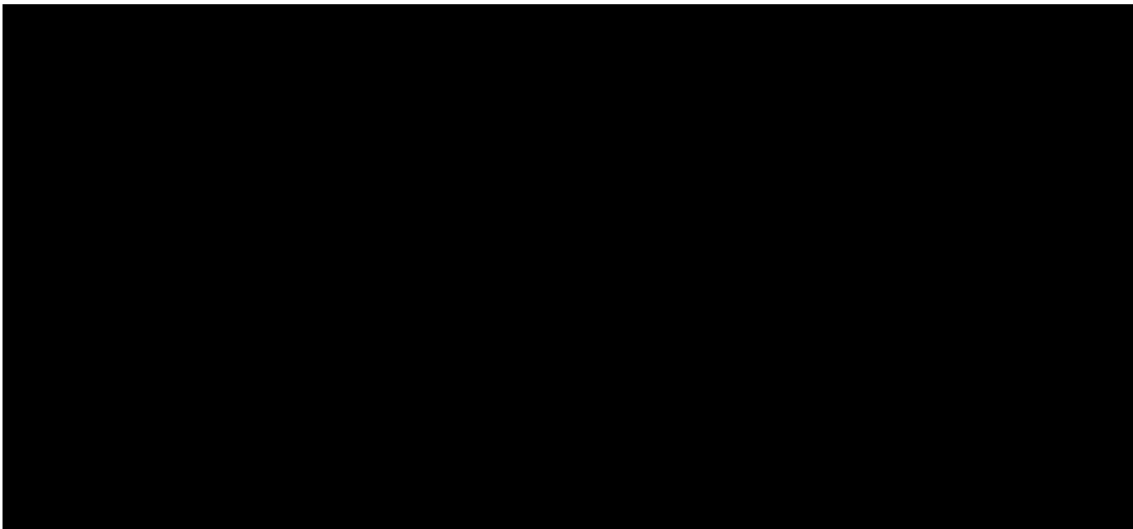
cost factors, ORR could develop estimates of the economic costs to the Soviets of specific military build-ups and special weapons programs which would be meaningful for overall capability studies. 1



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3. Overlapping Interests in Economic Intelligence Production -- There is a continuing need for liaison and cooperation between ORR and the economic research components of the other IAC agencies to reduce to the minimum the problems that arise from research conducted by two or more agencies in areas of overlapping interest. ORR's mission of producing general economic intelligence on the Soviet Bloc, largely from the aggregative point of view, requires that it undertake research in specific sectors of the economy where the responsible agencies for those sectors do not provide the results required for ORR to fulfill its mission. Acceptance of the general intent of the proposed DCID 15/1 may assist in these problems, although maintenance of cooperative working relations and mutually agreed allocations of research effort among economic components within the agencies are expected to provide the most effective solution.

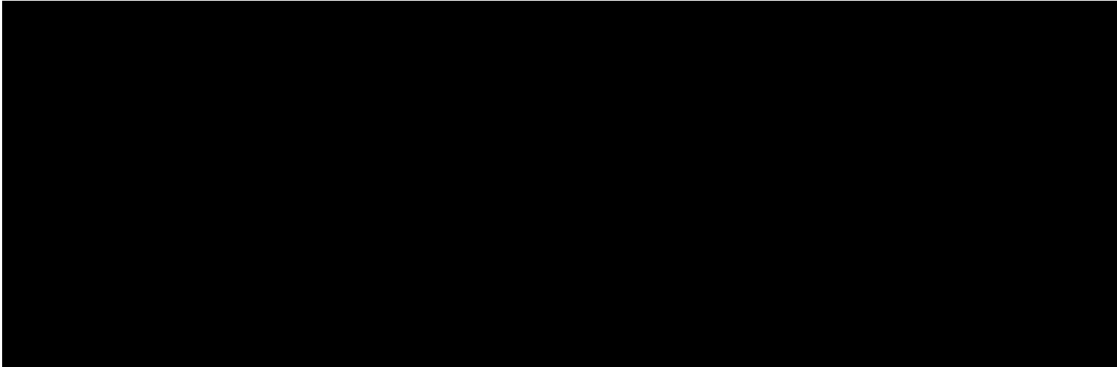


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6. The lack of control of consumer due dates (ONE) causes difficulty in scheduling our own research without the "bunching" of production and likewise reconciling due dates with availability of information.

7. The present lack of a CIA-Armed Services Joint Briefing and Training Program has resulted in the loss of substantial

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8. The processing time and lack of status reports on new-hires is detrimental to manpower utilization.

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SECTION II: The following major areas of potential improvement have been selected for emphasis in FY 55:

1. An improved and simplified time reporting system that will prove more useful in future planning.

2. An improved project record control system that will eliminate much duplication by providing more accurate and additional information on the utilization of resources by subject, area, and consumer.

3. Improvement of the report processing system to minimize the time lag between completion by the analyst and forwarding to reproduction.

4. Policy decisions designed to further delineate the division of specific substantive responsibilities between organizational components.

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5. A review of the organizational structure with a view to optimum implementation of the all-source research concept.
6. The development and institution of further research tools and standardization of internal administrative procedures.
7. Further refinement of the organization to provide a more efficient ratio of clerical to professional personnel.
8. A review of the intelligence requirements system to facilitate more effective fulfillment of requirements.
9. The relief of branch chiefs of some administrative details to enable them to work closer with analysts and thereby develop and utilize their substantive competence.
10. Continued emphasis on the orientation of research toward consumer needs.
11. More long range planning in the direction of research efforts through anticipation of future critical areas of study.
12. The mechanization of mass data handling through the installation of a rapid selector machine in the Techniques and Methods Division.
13. The installation of a new physical filing system through the use of new equipment which will facilitate data handling and provide for a better utilization of floor space in the Techniques and Methods Division.
14. Surveys to reduce the number of copies of reports received and issued.
15. The optimum systematizing of analyst files within and between organizational components.
16. Closer coordination of internal research with externally contracted research.
17. Test application of mechanical reproduction (Flexi-writer) of reports for better utilization of clerical manpower.
18. Test application of automatic-calculating machines in tabular computations (production indexes) to better utilize

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professional manpower.

19. Publication of a Policy Manual for the Economic Area.
20. Publication of a Research Manual for the Economic Area.

SECTION III: Management Improvement Actions Taken in FY 54:

1. A major reorganization of the line divisions was made which resulted in the organizational and physical integration of Strategic Division with the other divisions. The object of this integration was to provide for all-source exploitation in all our research and to provide broader and better support to OGI.
2. Administrative and organizational reorientation with NSA resulting in greater integration of activities.
3. A survey was made on the clarification of trade intelligence responsibilities between the Economic Research Area and Economic Defense Division which resulted in delineation of responsibilities between components and the attendant reassignment of personnel together with systematic internal collection and dissemination procedures using improved techniques.
4. A concentrated effort was made in the management control of production schedules. As a result 90% of 173 projects in the seven-month FY 54 research program were completed as compared with completion of only 17% of the 533 projects scheduled in the previous 15-month 1953 research program.
5. Through reorganization a staff function was established for the substantive review of intelligence reports. This was done as a counter balance to the emphasis placed on maintaining the production schedule. As a result, not only was the requiring production schedule reasonably maintained but the quality of the product showed some improvement.
6. Through the establishment of a separate staff function a concerted effort was made in the planning process for future research programs. The results were manifested in two ways:
 - (a) Only 22% of the available research hours had to be reserved for unscheduled work in FY 55 as compared to 47% in the FY 54 research program.

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(b) 67% of the research effort was dictated by anticipated consumer requests for the FY 55 research program as compared with 41% in the FY 54 program and 38% in the 1953 program.

7. A standard procedure was devised for the maintenance of intelligence estimates in a central file for the purposes of uniformity, utility, and control.

8. A research aid was devised and issued, designed to assist analysts in the preparation of intelligence reports.

9. The establishment of small staffs at the division level to better handle project coordination and other administrative matters providing for better utilization of substantively competent manpower.

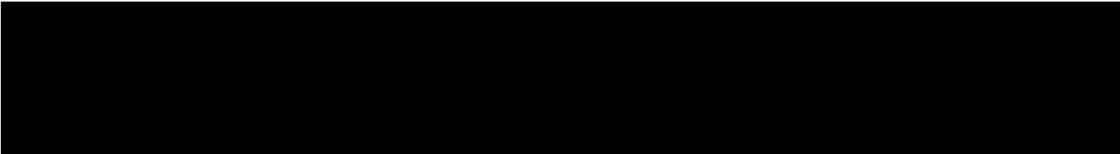
10. The training of selected personnel in management courses for better administration of the Area's activities.

11. The training of analysts in additional sources of intelligence which will result in a better product.

12. Internal divisional scheduling in greater detail to provide for better control and more efficient utilization of manpower.

13. Greater utilization of inter-agency organizations (EIC) to facilitate coordination and exploitation.

14. Organizational adjustments to better conform with Soviet ministries and economic activities and thereby facilitate division of responsibilities.



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16. Consultants were made available and used not only on specific subjects but in formulating the FY 55 research program.

17. The assignment to a staff component the specific function of consumer contact for better orientation of our research effort.

18. The establishment of procedures and control mechanics whereby the expenditure of man-hours is controlled at the area level thereby resulting in better utilization of manpower and

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the recording of man-hours expenditure.

19. The establishment of a separate staff function for source exploitation whereby the greatest utilization and development of intelligence sources is implemented.

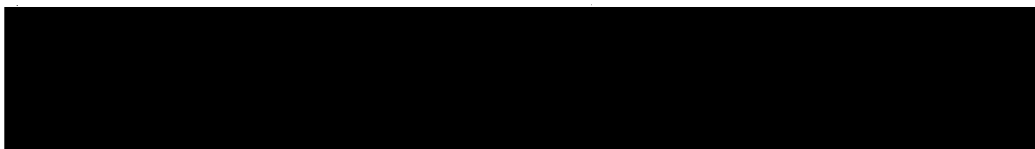
20. The functional assignment of editorial staff members to the line divisions to facilitate uniformity of report writing at the producing level.

21. Detailed scheduling of specific support to OCI to insure continuing and adequate support on current economic intelligence.

22. A daily log was established in one division to facilitate internal communication between top management and analyst level.

23. A policy and functional-organization manual was developed in one division to facilitate management control and coordination within the division.

24. Regular meetings with NSA were established in one division to insure complementary direction of effort on the working level between the two agencies.



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26. The integration of NIS production with basic economic research to result in a better product cheaper.

27. The establishment of an additional EIC Subcommittee to facilitate inter-agency production and coordination of economic intelligence on metals and minerals.

28. The reorganization of working-level components to more efficiently perform assigned and changing responsibilities.

29. Publication of a Procedures Manual for the Economic Research Area.



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Distribution: copy to all division and staff chiefs

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